STATEMENT REGARDING
Senate Bill 369: AAC A Homestead Exemption for Real Property Taxes
Senate Bill 376: AAA Differentiated Mill Rates in Municipalities
Senate Bill 379: AAC Land Value Taxation
Senate Bill 392: AAA Municipalities to Adopt Land Value Taxation
Senate Bill 393: AAC Municipal Revenue Diversification
Senate Bill 397: AAC Municipal Revenue Diversification
House Bill 5540: AAC Municipal Revenue Diversification

Planning & Development Committee
February 18th, 2009

The MetroHartford Alliance is Hartford's Chamber of Commerce and the region's economic development leader. Our investors include businesses of all sizes, health care providers, institutions of higher education, and 34 municipalities. The Alliance's mission is to ensure that the Hartford Region competes aggressively and successfully for jobs, talent and capital so that it thrives as one of the country's premier places for all people to live, work, play, and raise a family.

Statewide, our dependence on the property tax as a primary source of municipal revenue is a symptom of a much larger problem. Per capita property taxes in Connecticut are over 77% higher than the national average, while the national trend over the past 15 years is to actually reduce reliance on the property tax as a source of state and local revenue. We see the reverse trend happening in Connecticut, which is discouraging to both homeownership and economic development.

While the state itself has the ability to impose over 40 different taxes on its citizens to fund its programs and services, municipalities have only two options—the property tax and the real estate conveyance tax. Meanwhile, the state places mandates on our cities and towns that are not attached to any dedicated revenue stream and already under funds existing state programs, forcing towns to turn to local sources of revenue to meet the cost of compliance and maintain local services that constituents have come to expect. This perfect storm leaves towns with one option – to increase property taxes.

By making adjustments to the current system with differentiated mill rates or exempting a portion of one class of property from taxation, we are only working around the edges of the problem to treat the symptoms. Instead, we ask you to consider the effect of unfunded federal and state mandates on our towns, and review the impact of under funded state grants. For example, the Payment in Lieu of Taxes formula grant (PILOT) is currently not funded at the statutory level. The loss of tax revenue from these properties has a detrimental impact on a municipality's overall budget and, therefore, the delivery of basic services.

Recently, Connecticut received unfortunate notoriety in both *Forbes* and *Expansion Management*. Consistently, our state is ranked at or near the bottom of the list with regard to the cost of doing business, the cost of living in general and transportation infrastructure statewide. Given the current economic climate, states across the nation are endorsing aggressive policies to encourage investment and job growth, policies we need to pursue in order to reverse our reputation as one of the least business friendly states in the nation. We should view the current economic crisis as an opportunity for Connecticut to stand out as a business friendly state and to take steps that make us more competitive. The bills before the committee today simply transfer the tax burden from one class of property to other classes of property, namely Connecticut's employers. At this time of fiscal crisis, we cannot risk enhancing our reputation as one of the most expensive places to do business in the entire nation.

We thank you for your consideration and ask you to reject the proposals before you today.